

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name Southfield Township	County Oakland
Audit Date 3/31/05	Opinion Date 5/18/05	Date Accountant Report Submitted to State:	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

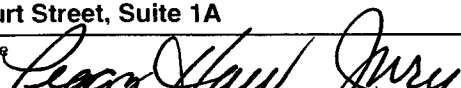
We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ Yes ☒ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	✓		
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name) BKR Dupuis & Ryden			
Street Address 111 East Court Street, Suite 1A		City Flint	State MI
Accountant Signature 		ZIP 48502	Date 7/26/05

Annual Financial Report

**Southfield Township
Oakland County, Michigan**

Fiscal Year Ended March 31, 2005

with Independent Auditors' Report

**Southfield Township
Annual Financial Report
For the Fiscal Year Ended March 31, 2005**

Table of Contents

	<u>Page</u>
Introductory Section:	
List of Elected Officials	1
Financial Section:	
Independent Auditors' Report	2
Management's Discussion and Analysis	3-7
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Assets	8
Statement of Activities	9
Fund Financial Statements:	
Balance Sheet Governmental Funds	10
Reconciliation of the Fund Balance as Reported in the Governmental Balance Sheet to the Statement of Net Assets	11
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	12
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	13
Statement of Net Assets – Fiduciary Funds	14
Statements of Changes in Plan Assets	15
Notes to the Basic Financial Statements	16-25

**Southfield Township
Annual Financial Report
For the Fiscal Year Ended March 31, 2005**

Table of Contents – (continued)

	<u>Page</u>
Required Supplementary Information Section:	
Schedule of Departmental Expenditures and Operating Transfers Out – General Fund	26-28
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund	29
Combining Fund Statements:	
Combining Balance Sheet – Nonmajor Governmental Funds	30
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds	31
Schedules of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Nonmajor Governmental Funds	32-34

Introductory Section

**Southfield Township
List of Elected Officials
March 31, 2005**

SUPERVISOR

Raymond Mills

CLERK

Sharon Tischler

TREASURER

Joanne McCleary

TRUSTEES

Janet Mooney
I. Jack Fahlen
Phillip Schmitt
Robert Walsh

Financial Section

Independent Auditors' Report

Members of the Township Board
Southfield Township
Oakland County, Michigan

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Southfield Township, Michigan (Township) as of March 31, 2005, and for the year then ended, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to in the first paragraph, present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Southfield Township, Michigan at March 31, 2005, and the respective changes in financial position, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis on pages 3 through 7 and the information in the required supplemental information section on pages 26 through 29 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements, and in our opinion, are fairly stated in all material respects to the basic financial statements taken as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.



Certified Public Accountants
Flint Office

May 18, 2005

Management's Discussion and Analysis

Management's Discussion and Analysis

As management of Southfield Township, we offer readers of Southfield Township's financial statements this narrative overview and analysis of the financial activities of Southfield Township for the fiscal year ended March 31, 2005.

Financial Highlights

- The assets of Southfield Township exceeded its liabilities at the close of the most recent fiscal year by \$1,332,770 (net assets).
- Of this amount, \$1,015,525 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The Township has net assets available to be spent on future capital purchases and improvements of \$54,063, \$52,459 for future MESC claims, and \$23,932 for Metro Act expenditures.
- The government's total net assets increased by \$23,836.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to Southfield Township's basic financial statements. The Southfield Township's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Table 1 summarizes the major features of Township's financial statements, including the portion of the Township government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

Table 1. Major Features of the Southfield Township's Government-wide and Fund Financial Statements

Type of Statements	Government-wide	Governmental Funds	Fiduciary Funds
Scope	Entire Township government (except fiduciary funds). The Township has no component units to include in this section	The activities of the Township that are not fiduciary	Instances in which the Township is the trustee or agent for someone else's resources, such as the retirement plan for Township employees and trust and agency (tax)
Required financial statements	<ul style="list-style-type: none">• Statement of net assets• Statement of activities	<ul style="list-style-type: none">• Balance sheet• Statement of revenues, expenditures and changes in fund balances	<ul style="list-style-type: none">• Statement of fiduciary net assets
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus

Table 1. Major Features of Southfield Township's Government-wide and Fund Financial Statements – (continued)

Type of Statements	Government-wide	Governmental Funds	Fiduciary Funds
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter, no capital assets included	All assets and liabilities, both short-term and long-term, the Township's funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year, expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of Southfield Township's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of Southfield Township's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Southfield Township is improving or deteriorating.

The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes).

Both of the government-wide financial statements distinguish functions of Southfield Township that are principally supported by taxes and intergovernmental revenues (governmental activities).

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Southfield Township, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of Southfield Township can be divided into two categories: governmental funds and fiduciary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Southfield Township maintains four individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund fund, of which is considered to be a major fund. Data from the other three governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

Southfield Township adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 8-9 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support Southfield Township's own programs.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 16-25 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 30-34 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Southfield Township, assets exceeded liabilities by \$1,332,770 the close of the most recent fiscal year (see Table 2).

Table 2
Southfield Township's Net Assets

	<u>Governmental Activities</u>	
	<u>2004</u>	<u>2003</u>
Current and other assets	\$1,165,024	\$1,124,056
Capital assets	186,791	202,505
Total assets	<u>1,351,815</u>	<u>1,326,561</u>
Current liabilities	<u>19,045</u>	<u>17,627</u>
Net assets:		
Invested in capital assets	186,791	202,505
Restricted	130,454	85,964
Unrestricted	<u>1,015,525</u>	<u>1,020,465</u>
Total net assets	<u>\$1,332,770</u>	<u>\$1,308,934</u>

A portion of Southfield Township's net assets (14%) reflects its investment in capital assets (land, building, and machinery and equipment). The Township uses these assets to provide services to citizens; consequently, they are not available for future spending.

An additional portion of Southfield Township's net assets (8%) represents resources that are subject to internal restrictions on how they may be used. The remaining balance of unrestricted net assets, \$1,015,525 (78% of net assets), may be used to meet the government's ongoing obligations to citizens and creditors. At the end of the current fiscal year, Southfield Township reports positive balances in all three categories of net assets, for the government as a whole, and for its separate governmental activities. The same situation held true for the prior fiscal year. The governmental activities' net assets increased by \$23,836 during the current fiscal year.

Financial Analysis of the Government's Funds

As noted earlier, Southfield Township uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of Southfield Township's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing Southfield Township's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The general fund is the chief operating fund of Southfield Township. At the end of the current fiscal year, unreserved fund balance of the general fund was \$1,015,525, while total fund balance for all governmental funds equaled \$1,145,979.

Table 3
Southfield Township's Changes in Net Assets

	<u>Governmental Activities</u>	
	<u>2004</u>	<u>2003</u>
Revenues:		
Program revenues:		
Charges for services	\$ 44,846	\$ 15,688
General revenues:		
Property taxes	543,501	518,679
Interest	22,341	16,213
State sales tax	1,831	1,972
Other	3,493	910
Total revenues	<u>616,012</u>	<u>553,462</u>
Expenses:		
General government	<u>592,176</u>	<u>578,658</u>
Increase (decrease) in net assets	23,836	(25,196)
Net assets – beginning of year	<u>1,308,934</u>	<u>1,334,130</u>
Net assets – end of year	<u>\$1,332,770</u>	<u>\$1,308,934</u>

General Fund Budgetary Highlights

General Fund expenditures totaled \$576,461, approximately \$58,000 below the final budget. (The original budget did not have to be amended during the year.) All general government department's actual expenses came in under budget.

General Fund revenues were approximately \$51,000 over budget due to additional property taxes and charge for services. The additional charges for service were due to the receipt of Metro Act Funds.

Capital Assets and Debt Administration

Capital assets. Southfield Township's investment in capital assets for its governmental activities as of March 31, 2005 amounts to \$186,791 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, and machinery and equipment. Additional information on Southfield Township's capital assets can be found in note IV.C on page 23 of this report.

Economic Factors and Next Year's Budgets and Rates

Economic Factors. The unemployment rate for Oakland County is currently 6.2%, which is an increase from a rate of 5.6% percent a year ago. The current state average unemployment rate is 7% (April 2005). Nationwide, the national average rate is 5.2% (April 2005).

The total assessed and taxable value of property at December 31, 2004 in Southfield Township was \$1,306,581,725 and \$962,051,050 respectively.

Southfield Township has timely adopted a budget for the fiscal year ending March 31, 2006.

Requests for Information

This financial report is designed to provide a general overview of Southfield Township's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Treasurer, Southfield Township, 18550 West 13 Mile Road, Southfield, Michigan 48025-5262.

Basic Financial Statements

Government-wide Financial Statements

**Southfield Township
Statement of Net Assets
March 31, 2005**

	<u>Governmental Activities</u>
Assets	
Cash and equivalents	\$ 94,300
Investments	607,171
Receivables:	
Taxes	437,156
Due from other governments	26,397
Capital assets (net of accumulated depreciation)	<u>186,791</u>
Total assets	<u>1,351,815</u>
Liabilities and Net Assets	
Liabilities:	
Accounts payable	13,037
Accrued liabilities	<u>6,008</u>
Total liabilities	<u>19,045</u>
Net assets:	
Invested in capital assets	186,791
Restricted for:	
Metro act	23,932
Capital improvement	54,063
MESC	52,459
Unrestricted	<u>1,015,525</u>
Total net assets	<u><u>\$ 1,332,770</u></u>

**Southfield Township
Statement of Activities
For the Year Ended March 31, 2005**

Functions\Programs	Program revenues		Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Services	Governmental Activities
Primary government			
Governmental activities:			
General government	\$ 592,176	\$ 44,846	\$ (547,330)
Total governmental activities	592,176	44,846	(547,330)
General revenues:			
Property taxes			543,501
State sales tax			1,831
Interest			22,341
Unrestricted earnings			3,493
Total general revenues			571,166
Change in net assets			23,836
Net assets - beginning			1,308,934
Net assets - ending			\$ 1,332,770

See notes to financial statements.

Fund Financial Statements

**Southfield Township
Balance Sheet
Governmental Funds
March 31, 2005
With Comparative Totals for March 31, 2004**

			Total Governmental Funds	
	General	Other Governmental Funds	2005	2004
Assets				
Cash and cash equivalents	\$ 41,841	\$ 52,459	\$ 94,300	\$ 55,813
Investments	553,113	54,058	607,171	972,918
Receivables	-	-	-	49
Due from other funds	437,151	5	437,156	75,206
Due from other governments	26,397	-	26,397	20,070
Total assets	\$ 1,058,502	\$ 106,522	\$ 1,165,024	\$ 1,124,056
Liabilities				
Liabilities:				
Accounts payable	\$ 13,037	\$ -	\$ 13,037	\$ 10,051
Other accrued liabilities	6,008	-	6,008	5,273
Due to other governments	-	-	-	2,303
Total liabilities	19,045	-	19,045	17,627
Fund balances				
Reserved for:				
Metro Act	23,932	-	23,932	-
MESC distribution	-	52,459	52,459	51,424
Capital improvements	-	31,594	31,594	12,395
Capital purchases	-	22,469	22,469	22,145
Unreserved:				
Designated for subsequent year's expenditures	-	-	-	94,070
Undesignated	1,015,525	-	1,015,525	926,395
Total fund balances	1,039,457	106,522	1,145,979	1,106,429
Total liabilities and fund balances	\$ 1,058,502	\$ 106,522	\$ 1,165,024	\$ 1,124,056

See notes to financial statements.

Southfield Township
Reconciliation of the Fund Balance as Reported in the
Governmental Balance Sheet to the Statement of Net Assets
For the Year Ended March 31, 2005

Total Governmental Funds fund balance as reported in the Balance Sheet	
Governmental Funds	\$ 1,145,979

Amounts reported for governmental activities in the statement of net assets
are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	<u>186,791</u>
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Net assets - governmental activities	<u><u>\$ 1,332,770</u></u>
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See notes to financial statements.

Southfield Township
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended March 31, 2005
With Comparative Totals for March 31, 2004

	General	Other Governmental Funds	Total Governmental Funds	
			2005	2004
Revenues:				
Taxes	\$ 543,501	\$ -	\$ 543,501	\$ 518,679
Licenses and permits	5,492	-	5,492	5,758
Intergovernmental:				
State	1,831	-	1,831	1,972
Charges for services	39,353	-	39,353	9,930
Interest	21,553	788	22,341	16,213
Miscellaneous	3,493	-	3,493	910
Total revenues	615,223	788	616,011	553,462
Expenditures:				
Current:				
General government:				
Township Board	10,208	-	10,208	8,558
Supervisor	25,829	-	25,829	24,705
Elections	32,140	-	32,140	3,233
Assessor	111,496	-	111,496	109,057
Clerk	132,810	-	132,810	145,437
Treasurer	152,140	-	152,140	153,084
Township hall and grounds	20,162	-	20,162	16,116
Animal control	72,888	-	72,888	68,553
Other	18,788	-	18,788	46,561
Total expenditures	576,461	-	576,461	575,304
Excess (deficiency) of revenues over expenditures	38,762	788	39,550	(21,842)
Other financing sources (uses):				
Operating transfers in	-	19,770	19,770	770
Operating transfers out	(19,770)	-	(19,770)	(770)
Total other financing sources (uses)	(19,770)	19,770	-	-
Excess (deficiency) of revenues and other sources over expenditures and other uses	18,992	20,558	39,550	(21,842)
Fund balance at beginning of year	1,020,465	85,964	1,106,429	1,128,271
Fund balance at end of year	\$ 1,039,457	\$ 106,522	\$ 1,145,979	\$ 1,106,429

See notes to financial statements.

**Southfield Township
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances of Governmental Funds
To the Statement of Activities
For the Year Ended March 31, 2005**

Amounts reported for governmental activities in the statement of activities (page 9)
are different because:

Net change in fund balances - total governmental funds (page 12)	\$ 39,550
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period

(15,715)

\$ 23,835

See notes to financial statements.

Southfield Township
Statement of Net Assets
Fiduciary Funds
March 31, 2005
With Comparative Totals for March 31, 2004

	Pension Trust Fund	Agency Funds	Totals	
			2005	2004
Assets				
Cash and cash equivalents	\$ -	\$ 346,704	\$ 346,704	\$ 72,188
Investments	189,051	-	189,051	190,501
Taxes receivable	-	5,040	5,040	3,952
Due from other governments	-	86,369	86,369	-
Total assets	\$ 189,051	\$ 438,113	\$ 627,164	\$ 266,641
Liabilities and Net Assets				
Liabilities:				
Due to other funds	\$ -	\$ 437,156	\$ 437,156	\$ 75,206
Undistributed taxes	-	957	957	934
Total liabilities	-	438,113	438,113	76,140
Net Assets:				
Reserved for employees' retirement system	189,051	-	189,051	190,501
Total liabilities and net assets	\$ 189,051	\$ 438,113	\$ 627,164	\$ 266,641

See notes to financial statements.

Southfield Township
Statements of Changes
In Plan Assets
Pension Trust Fund
For the Years Ended March 31, 2005 and 2004

	<u>2005</u>	<u>2004</u>
Additions:		
Employer contributions	\$ 14,973	\$ 17,108
Investment income	<u>10,288</u>	<u>40,747</u>
Total additions	<u>25,261</u>	<u>57,855</u>
Deductions:		
Trustee fees	2,425	2,170
Pension withdrawals	<u>24,286</u>	<u>-</u>
Net increase (decrease)	(1,450)	55,685
Net assets held in trust for pension benefits at beginning of the year	<u>190,501</u>	<u>134,816</u>
Net assets held in trust for pension benefits at end of year	<u><u>\$ 189,051</u></u>	<u><u>\$ 190,501</u></u>

See notes to financial statements.

Notes to Financial Statements

Southfield Township
Notes to Financial Statements
March 31, 2005

I. Summary of significant accounting policies

The accounting policies of Southfield Township (Township) conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by Southfield Township.

A. Reporting entity:

Southfield Township is located in Oakland County and operates under an elected form of government. The accounting policies of Southfield Township conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies:

Southfield Township does not have any component units.

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. The Township has no component units.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct* expenses are those that are clearly identifiable with a specific function or segment. *Program revenues* include charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. The major individual governmental fund is reported as a separate column in the fund financial statements.

C. Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Southfield Township
Notes to Financial Statements
March 31, 2005

I. Summary of significant accounting policies – (continued)

C. Measurement focus, basis of accounting, and financial statement presentation – (continued)

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, licenses, and charges for services associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental fund:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Additionally, the government reports the following fund types:

Pension Trust fund account for the activities to pay retirement benefits for Township retirees. This fund accumulates resources for pension benefits financed by employer contributions.

Agency Fund accounts for assets held by the Township as an agent for other funds and other governments.

Pension Trusts and Agency funds are reported as fiduciary funds and are not included in the government wide Statement of Net Assets and Statement of Activities.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as *program revenues* include charges to customers or applicants for goods, services, or privileges provided. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes and interest income.

Southfield Township
Notes to Financial Statements
March 31, 2005

I. Summary of significant accounting policies – (continued)

D. Assets, liabilities, and net assets or equity

1. Deposits

The Township's cash and cash equivalents include cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

2. Investments

Investments are stated at fair value. Certificates of deposit with a maturity date of greater than three months at time of purchase are recorded as investments on the financial statements.

3. Receivables and payables

In general, outstanding balance between funds are reported as "due to/from other funds", fiscal year are referred to as "advances to/from other funds".

No allowance exists as management believes all receivables to be collectible.

4. Capital assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., drains and similar items), are reported in the applicable governmental activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial cost of more than \$1,000 and an estimated useful life in excess of three years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

In accordance with accounting principles generally accepted in the United States of America, recorded infrastructure assets include only those acquired beginning with the fiscal year ended March 31, 2004. Prior to the implementation of GASB No. 34, records on these assets were not maintained. The Township is not required to retroactively determine costs and accumulated depreciation for infrastructure assets acquired prior to April 1, 2003 and record those assets on the financial statements.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Southfield Township
Notes to Financial Statements
March 31, 2005

I. Summary of significant accounting policies – (continued)

D. Assets, liabilities, and net assets or equity – (continued)

4. Capital assets – (continued)

Property, plant, and equipment of the primary government are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	39
Building improvement	15-30
Office equipment	5
Computer equipment	3-5

5. Fund equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

6. Property tax

The Township levies property taxes on December 1 each year. These taxes become liens on the property at that date. Township taxes are collected without penalty from December 1 through February 14 each year. Taxes are also collected for other entities (i.e., school districts) from July 1 through September 14, without penalty. The delinquent real property taxes of the Township are purchased by the County of Oakland. The delinquent personal property taxes of the Township are turned over to County of Oakland for collections and upon settlement, the county reimburses the Township. All real property taxes assessed, and personal property taxes collected, have been recognized as revenue for the current year. Uncollected personal property taxes have been shown as taxes receivable and deferred revenue.

II. Reconciliation of government-wide and fund financial statements

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets

The governmental fund balance sheet includes a reconciliation between *fund balance -total governmental funds* and *net assets -governmental activities* as reported in the government-wide statement of net assets.

Capital assets	<u>\$186,791</u>
Net adjustment to increase <i>fund balance -total governmental funds</i> to arrive at <i>net assets -governmental activities</i>	<u><u>\$186,791</u></u>

Southfield Township
Notes to Financial Statements
March 31, 2005

II. Reconciliation of government-wide and fund financial statements -- (continued)

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances -total governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated use-full lives and reported as depreciation expense." The details of this difference are as follows:

Capital outlay	\$ 3,954
Depreciation expense	<u>(19,669)</u>
Net adjustment to decrease <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>\$ (15,715)</u>

III. Stewardship, compliance, and accountability

Budgetary information

The Township follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The Supervisor submits to the Township Board a proposed operating budget at a public hearing in February for the fiscal year commencing the following April 1. The operating budget includes proposed expenditures and the means of financing them for the General Fund and Special Revenue Fund.
2. Public hearings are conducted at the Township Hall to obtain taxpayer comments.
3. Prior to April 1, the budget is legally enacted on a departmental basis through passage of a resolution and in accordance with Public Act 621 of the State of Michigan.
4. The Supervisor is authorized to transfer budgeted amounts within departmental appropriation accounts. However, any revisions that alter the total expenditures of any department must be approved by the Township Board.
5. Formal budgetary integration is employed as a management-control device during the year for all budgetary funds. Also, all budgets are adopted on a basis consistent with generally accepted accounting principles.
6. Budget appropriations lapse at year end.
7. The original budget was amended during the year.

Southfield Township
Notes to Financial Statements
March 31, 2005

IV. Detailed notes on all funds

A. Deposits and investments

Deposits:

The Township's cash and cash equivalents consists of savings accounts, checking accounts, and certificates of deposit. At year end, the carrying amount of the Township's deposits excluding petty cash of \$450 was \$603,616, and the bank balance was \$622,803. The bank balance was above the book balance due to outstanding checks at year end. Of the bank balance, 100% or \$622,803 was covered by federal depository insurance. Michigan law prohibits collateralization of governmental deposits. Five certificates of deposit totaling \$500,000 with initial maturities of 90 days to 154 days are included in investments.

	<u>Governmental Activities</u>	<u>Fiduciary Funds</u>	<u>Total</u>
Cash and cash equivalents	\$ 94,300	\$ 346,704	\$ 441,004
Investments	607,171	189,051	796,222
	<u>\$701,471</u>	<u>\$535,755</u>	<u>\$1,237,226</u>

Investments:

In accordance with Michigan Public Act 20 of 1943, as amended, M.C.L. 129.91, the surplus funds of the Township of Southfield may only be invested as follows:

- a. In bonds, securities and other obligations of the United States or an agency or instrumentality of the United States.
- b. In certificates of deposit, savings accounts, deposit accounts, or depository receipts of a financial institution, but only if the financial institution is eligible to be a depository of funds belonging to the State under a law or a rule of this State or the United States.
- c. In commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services and which matures not more than 270 days after the date of purchase.
- d. The investment pools organized under the local government investment pool act, 1985 P.A. 121, M.C.L. 129.141 to 129.150.

The Township Board has adopted the above as its investment policy and additionally approved the following as authorized depositories: Comerica Bank, JP Morgan Chase, Standard Federal, Bank of Bloomfield Hills, Huntington Bank, Flagstar Bank, Fifth Third Bank, and National City Bank.

Southfield Township
Notes to Financial Statements
March 31, 2005

IV. Detailed notes on all funds – (continued)

A. Deposits and investments – (continued)

Investments: – (continued)

The Township's investments are categorized to give an indication of the level of risk assumed by the entity at year end. Category 1 includes investments that are insured or registered or for which the securities are held by the Township or its agent in the Township's name. Category 2 includes uninsured and registered investments for which the securities are held by the counterparty's trust department or agent in the Township's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the Township's name.

	Category			Carrying Amount	Market Value
	<u>1</u>	<u>2</u>	<u>3</u>		
Municipal Investment Funds	\$ -	\$ -	\$444,109	\$444,109	\$444,109
Pension plan ⁽¹⁾	\$ -0-	\$ -0-	\$444,109	189,051	189,051
Total investments				\$633,160	\$633,160

(1) Pension assets are deposited with a major life insurance company. All investments are participant self-directed as to investment options. Therefore, they are not separately classified by risk.

B. Receivables

Receivables as of year end for the Township's individual major fund and nonmajor and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

Governmental activities and fiduciary funds:

	<u>General</u>	<u>Nonmajor and Fiduciary Funds</u>	<u>Total</u>
Receivables:			
Taxes	\$ -	\$ 5,040	\$ 5,040
Accounts	-	-	-
Gross receivables	-	5,040	5,040
Less: allowance for uncollectibles	-	-	-
Net total receivables	\$ -0-	\$ 5,040	\$ 5,040

Southfield Township
Notes to Financial Statements
March 31, 2005

IV. Detailed notes on all funds – (continued)

C. Capital assets

Capital asset activity for the year ended March 31, 2005 was as follows:

Primary Government

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 6,350	\$ -	\$ -	\$ 6,350
Total capital assets, not being depreciated	6,350	-	-	6,350
Capital assets, being depreciated:				
Buildings	283,150	1,998	-	285,148
Improvements other than buildings	4,407	-	-	4,407
Machinery and equipment	196,553	1,956	2,189	196,320
Total capital assets being depreciated	484,110	3,954	2,189	485,875
Less accumulated depreciation for:				
Buildings	104,257	7,263	-	111,520
Improvements other than buildings	-	4,407	-	4,407
Machinery and equipment	183,697	7,999	2,189	189,507
Total accumulated depreciation	287,954	19,669	2,189	305,434
Total capital assets, being depreciated, net	196,156	(15,715)	-	180,441
Governmental activities capital assets, net	\$202,506	\$ (15,715)	\$ -0-	\$186,791

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:

Current:

Supervisor	\$ 38
Clerk	790
Treasurer	2,175
Building and ground	15,516
Animal control	1,150

Total depreciation expense - governmental activities \$ 19,669

Southfield Township
Notes to Financial Statements
March 31, 2005

IV. Detailed notes on all funds – (continued)

D. Interfund receivables, payables, and transfers

The composition of interfund balances as of March 31, 2005 is as follows:

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>				
General Fund	Tax Fund	\$ 437,151				
Capital Improvements	General	5				
			<u>Transfer In</u>			
			<u>General Fund</u>	<u>Nonmajor Governmental</u>	<u>Fiduciary Funds</u>	<u>Total</u>
Transfer out:						
General Fund			\$ -	\$ 19,770	\$ -	\$ 19,770
Total transfers out			\$ -0-	\$ 19,770	\$ -0-	\$ 19,770

Transfers between funds were primarily for operating purposes.

V. Other information

A. Deferred compensation

The Township offers its employees one of two Deferred Compensation Plans in accordance with Internal Revenue Code Section 457. The plans, available to substantially all Township employees, permits them to defer a portion of their current salary until future years. The deferred compensation is not available to the employees until termination, retirement, death, or unforeseen emergency.

The Township's plan administrators, ICMA and ING, hold the assets of the plans within trusts. As a result, the plans assets are not reflected on the financial statements since the Township has no fiduciary or administrative responsibility for these plans.

B. Retirement plans and other post-employment benefits

Retirement plan:

The Township provides pension benefits for all of its full-time employees, all permanent and part-time employees working 1,000 hours or more a year, through the Manufacturer's Life Insurance Company/John Hancock Life Insurance. The Township's pension plan is a defined contribution plan whereby benefits received upon termination or retirement depend solely on amounts contributed to the plan plus investment earnings. The Township is required to contribute a fixed percentage (10%) of gross wages of the participants to the plan once they have been employed for 90 days.

Southfield Township
Notes to Financial Statements
March 31, 2005

V. Other information – (continued)

B. Retirement plans and other post-employment benefits – (continued)

Retirement plan: – (continued)

The Township's contribution to the plan for the year was \$14,640. The total contributions currently administered by the Manufacturers Life Insurance Company/John Hancock Life Insurance are \$189,051. The current year covered payroll was \$149,733, and the Township's total payroll amounted to \$218,011.

Post employment benefits:

All eligible elected officials, full-time and permanent part-time employees who have retired and are eligible to obtain Medicare and have the equivalent of 12 years (23,400 hours) full-time service shall be provided with post employment benefits in the form of health care and dental benefits. Post-employment benefits are not provided if the employee is covered by insurance from some other source. The positions of Supervisor and Trustee shall be excluded from coverage.

These benefits are provided by contractual agreement and are paid by the General Fund. The Township funds these costs on a pay-as-you-go basis. The amounts are recorded as an expenditure when the fund liability is incurred. The benefit amounts incurred totaled \$1,076 during the year ended March 31, 2005. The total number of eligible retirees amounted to 2 individuals at March 31, 2005. By contractual agreements, the Township pays 100% of these costs. There are no provisions for employee contributions.

C. Commitments

The Township entered into a two-year contract with Oakland County Equalization Division for annual assessment of real and personal property through the 2005 and 2006 tax years as required by laws of the State of Michigan. The Township will pay the County the sum of \$14.28 per year for a real property description and \$12.04 per year for a personal property description rendered during the life of the contract. Payment for each year of the contract is due by July 1 of the tax year. If the amounts under the contract are not paid, the County is entitled to reduce, set-off, and permanently retain any amount due from the Township from the delinquent tax revolving fund pay-out.

D. Risk management

The Township is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries. The Township has purchased commercial insurance for coverage of all claims except employee unemployment benefits. Settled claims for the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years. The Township pays unemployment claims on a reimbursement basis and has set money aside to pay these claims in the MESC Special Revenue Fund. At March 31, 2005, one employee had drawn on MESC however, the Township had not been billed for these claims at March 31, 2005.

Required Supplementary Information

Southfield Township
Schedule of Departmental Expenditures
And Operating Transfers Out
General Fund
For the Year Ended March 31, 2005
With Comparative Totals For March 31, 2004

	Township Board	Supervisor	Elections
Personnel services	\$ 2,766	\$ 22,717	\$ 15,325
Overtime	-	-	1,723
Social Security	172	1,737	45
Hospitalization	-	-	-
Life and disability insurance	583	116	-
Retirement contribution	-	-	-
Longevity	-	-	-
Supplies	-	206	6,324
Audit	-	-	-
Telephone	-	291	-
Legal notices	890	-	883
Data processing	-	-	-
Miscellaneous	407	-	1,772
Insurance - other and reimbursements	-	-	-
Transportation	-	55	-
Custodian	-	-	1,193
Utilities	-	-	-
Micro filming	-	-	-
Repairs and maintenance	-	-	66
Heat	-	-	-
Purchases - building, vehicles and equipment	-	-	2,349
Veterinary services	-	-	-
Legal	-	-	-
Dues and memberships	5,200	210	-
Education	190	80	-
Postage	-	-	2,460
Board of review meals	-	417	-
Maintenance agreement	-	-	-
Tax appeals	-	-	-
Dog license notices	-	-	-
Property assessing and reappraisal	-	-	-
Metro Authority expense	-	-	-
Animal control contract services	-	-	-
Operating transfers out	-	-	-
	<u>\$ 10,208</u>	<u>\$ 25,829</u>	<u>\$ 32,140</u>

Assessor	Clerk	Treasurer	Building and Grounds	Animal Control	Capital Outlay and Other
\$ -	\$ 89,752	\$ 99,308	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	7,187	7,593	-	-	-
-	13,999	15,171	-	-	-
-	1,204	890	-	-	-
-	8,165	6,475	-	-	-
-	2,100	-	-	-	-
147	1,214	2,751	-	111	-
-	3,643	5,143	-	-	-
-	1,318	1,893	-	-	-
217	167	109	-	-	-
881	-	330	-	-	-
-	101	193	-	30	-
-	-	-	-	-	11,869
-	643	490	-	-	-
-	-	-	3,720	-	-
-	-	-	3,683	-	-
-	-	103	-	-	-
-	-	-	6,631	-	-
-	-	-	612	-	-
1,385	1,218	6,852	-	-	3,495
-	-	-	-	1,781	-
5,034	-	-	-	-	1,004
-	306	210	-	-	-
-	779	479	-	-	-
3,165	1,014	4,150	-	887	-
-	-	-	-	-	-
-	-	-	5,516	-	-
1,630	-	-	-	-	-
-	-	-	-	929	-
99,037	-	-	-	-	706
-	-	-	-	-	1,714
-	-	-	-	69,150	-
-	257	513	-	-	19,000
\$ 111,496	\$ 133,067	\$ 152,653	\$ 20,162	\$ 72,888	\$ 37,788

(continued)

Southfield Township
Schedule of Departmental Expenditures (continued)
And Operating Transfers Out
General Fund
For the Year Ended March 31, 2005
With Comparative Totals For March 31, 2004

	Totals	
	2005	2004
Personnel services	\$ 229,868	\$ 213,376
Overtime	1,723	-
Social Security	16,734	16,679
Hospitalization	29,170	41,864
Life and disability insurance	2,793	2,918
Retirement contribution	14,640	17,433
Longevity	2,100	2,900
Supplies	10,753	3,975
Audit	8,786	5,936
Telephone	3,502	2,429
Legal notices	2,266	1,311
Data processing	1,211	818
Miscellaneous	2,503	1,549
Insurance - other and reimbursements	11,869	10,340
Transportation	1,188	1,697
Custodian	4,913	3,720
Utilities	3,683	3,227
Micro filming	103	102
Repairs and maintenance	6,697	26,328
	612	685
Purchases - building, vehicles and equipment	15,299	13,902
Veterinary services	1,781	1,087
Legal	6,038	3,938
Dues and memberships	5,926	5,946
Education	1,528	2,963
Postage	11,676	12,045
Board of review meals	417	302
Maintenance agreement	5,516	5,048
Tax appeals	1,630	108
Dog license notices	929	891
Property assessing and reappraisal	99,743	99,867
Metro Authority expense	1,714	-
Animal control contract services	69,150	64,975
Operating transfers out	19,770	770
	<u>\$ 596,231</u>	<u>\$ 569,129</u>

Southfield Township
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual - General Fund
For the Year Ended March 31, 2005

General Fund				
	Budget		Actual	Variance- Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 529,000	\$ 529,000	\$ 543,501	\$ 14,501
Licenses and permits	5,100	5,100	5,492	392
Intergovernmental:				
State	1,700	1,700	1,831	131
Charges for services	9,930	9,930	39,353	29,423
Interest	18,000	18,000	21,553	3,553
Miscellaneous	800	800	3,493	2,693
Total revenues	564,530	564,530	615,223	50,693
Expenditures:				
Current:				
General government:				
Township Board	11,000	11,000	10,208	792
Supervisor	26,500	27,000	25,829	1,171
Election	33,600	33,600	32,140	1,460
Assessor	112,600	115,100	111,496	3,604
Clerk	163,600	163,600	132,810	30,790
Treasurer	165,800	165,800	152,140	13,660
Township hall and grounds	23,200	23,200	20,162	3,038
Animal control	72,400	74,900	72,888	2,012
Other	26,500	21,000	18,788	2,212
Total expenditures	635,200	635,200	576,461	58,739
Excess (deficiency) of revenues over expenditures	(70,670)	(70,670)	38,762	109,432
Other financing uses:				
Operating transfers out	(23,400)	(23,400)	(19,770)	3,630
Total other financing uses	(23,400)	(23,400)	(19,770)	3,630
Excess (deficiency) of revenues over expenditures and other uses	(94,070)	(94,070)	18,992	113,062
Fund balance at beginning of year	1,020,465	1,020,465	1,020,465	-
Fund balance at end of year	\$ 926,395	\$ 926,395	\$ 1,039,457	\$ 113,062

Combining Fund Statements

Southfield Township
Combining Balance Sheet
Nonmajor Governmental Funds
March 31, 2005
With Comparative Totals for March 31, 2004

	MESC Distribution	Capital Improvement	Capital Purchase	<u>Totals</u>	
				2005	2004
Assets					
Cash and cash equivalents	\$ 52,459	\$ -	\$ -	\$ 52,459	\$ 51,424
Investments	-	31,589	22,469	54,058	34,535
Due from other funds	-	5	-	5	5
	<u>\$ 52,459</u>	<u>\$ 31,594</u>	<u>\$ 22,469</u>	<u>\$ 106,522</u>	<u>\$ 85,964</u>
Fund Balance					
Reserved for MESC distribution	\$ 52,459	\$ -	\$ -	\$ 52,459	\$ 51,424
Reserved for capital improvements	-	31,594	-	31,594	12,395
Reserved for capital purchases	-	-	22,469	22,469	22,145
Total fund balance	<u>\$ 52,459</u>	<u>\$ 31,594</u>	<u>\$ 22,469</u>	<u>\$ 106,522</u>	<u>\$ 85,964</u>

Southfield Township
Combining Statement of Revenues, Expenditures
And Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended March 31, 2005
With Comparative Totals for March 31, 2004

	Special Revenue			Totals	
	MESC Distribution	Capital Improvement	Capital Purchase	2005	2004
Revenue - interest	\$ 265	\$ 199	\$ 324	\$ 788	\$ 753
Expenditures-capital outlay	-	-	-	-	6,945
Excess (deficiency) of revenues over expenditures	265	199	324	788	(6,192)
Other financing sources - Operating transfers in	770	19,000	-	19,770	770
Excess (deficiency) of revenues and other sources over expenditures	1,035	19,199	324	20,558	(5,422)
Fund balance beginning of year	51,424	12,395	22,145	85,964	91,386
Fund balance end of year	\$ 52,459	\$ 31,594	\$ 22,469	\$ 106,522	\$ 85,964

**Southfield Township
Schedule of Revenues, Expenditures, and
Changes in Fund Balance
Budget and Actual - MESC Distribution Fund
For the Year Ended March 31, 2005**

	MESC Distribution			
	Budget			Variance- Positive (Negative)
	Original	Final	Actual	
Revenues:				
Interest	\$ 400	\$ 400	\$ 265	\$ (135)
Expenditures:				
Capital outlay	1,170	1,170	-	1,170
Total expenditures	1,170	1,170	-	1,170
Excess (deficiency) of revenues over expenditures	(770)	(770)	265	1,035
Other financing sources:				
Operating transfers in	770	770	770	-
Excess of revenues and other sources over expenditures	-	-	1,035	1,035
Fund balance at beginning of year	51,424	51,424	51,424	-
Fund balance at end of year	\$ 51,424	\$ 51,424	\$ 52,459	\$ 1,035

Southfield Township
Schedule of Revenues, Expenditures, and
Changes in Fund Balance
Budget and Actual - Capital Improvement Fund
For the Year Ended March 31, 2005

	Capital Improvement				
	Budget				Variance- Positive (Negative)
	Original	Final	Actual		
Revenues:					
Interest	\$ 200	\$ 200	\$ 199	\$	(1)
Expenditures:					
Capital outlay	200	200	-		200
Total expenditures	200	200	-		200
Excess of revenues over expenditures	-	-	199		199
Other financing sources:					
Operating transfers in	-	-	19,000		19,000
Excess of revenues and other sources over expenditures	-	-	19,199		19,199
Fund balance at beginning of year	12,395	12,395	12,395		-
Fund balance at end of year	\$ 12,395	\$ 12,395	\$ 31,594	\$	19,199

Southfield Township
Schedule of Revenues, Expenditures, and
Changes in Fund Balance
Budget and Actual - Capital Purchase Fund
For the Year Ended March 31, 2005

	Capital Purchase			
	Budget		Actual	Variance- Positive (Negative)
	Original	Final		
Revenues:				
Interest	\$ 200	\$ 200	\$ 324	\$ 124
Expenditures:				
Capital outlay	200	200	-	200
Excess of revenues over expenditures	-	-	324	324
Fund balance at beginning of year	22,145	22,145	22,145	-
Fund balance at end of year	\$ 22,145	\$ 22,145	\$ 22,469	\$ 324

May 18, 2005

Members of the Township Board
Southfield Township
Oakland County, Michigan

We have audited the financial statements of Southfield Township (the Township) for the year ended March 31, 2005, and have issued our report thereon dated May 18, 2005. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under Generally Accepted Auditing Standards

As stated in our engagement letter dated February 24, 2005, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance that the general purpose financial statements are free of material misstatement and are fairly presented in accordance with generally accepted accounting principles. Because of the concept of reasonable assurance and because we did not perform a detailed examination of all transactions, there is a risk that material errors, irregularities, or illegal acts, including fraud and defalcations, may exist and not be detected by us.

Significant Accounting Policies

Management has the responsibility for selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by Southfield Township are described in Note 1 to the general purpose financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended March 31, 2005. We noted no transactions entered into by Southfield Township during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.

Significant Audit Adjustments

For purposes of this letter, professional standards define a significant audit adjustment as a proposed correction of the general purpose financial statements that, in our judgment, may not have been detected except through our auditing procedures. These adjustments may include those proposed by us but not recorded by the Southfield Township that could potentially cause future financial statements to be materially misstated, even though we have concluded that such adjustments are not material to the current financial statements. We posted adjustments to payables, pension investment, and accrued wages.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the general purpose financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's general purpose financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Issues Discussed Prior to Retention of Independent Auditors

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Southfield Township's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing our audit.

Status of Prior Year Comments

Capitalization Policy

We recommended that the Township adopt an official capitalization policy for fixed assets as well as the lives to be used for fixed asset depreciation purposes. A policy was adopted during the year.

Conflict of Interest Policy

We recommended the Township establish a written policy regarding conflicts of interest. A policy was established and implemented during the year.

Current Year Comment

Tax Distribution Worksheet

A tax distribution worksheet has been prepared in the past by the Treasurer to detail the collections and payouts of each tax roll collection period. We suggest such worksheet continue to be maintained and be updated for all collections and disbursements. This worksheet should be up to date and reviewed before final payouts are made. The worksheet is being maintained for the 2005 tax collection.

Members of the Township Board
Southfield Township
May 18, 2005
Page 3

We appreciate the opportunity to present this letter for your analysis and review. This letter is intended solely for management and should not be used for any other purpose. We would also like to express our appreciation for the cooperation extended to our staff by the Township's personnel during the course of the audit. If you have any questions regarding the contents of this letter, please contact us.

Sincerely,

A handwritten signature in black ink, reading "Peggy Haw Jury". The signature is fluid and cursive, with the first name "Peggy" being the most prominent.

Peggy Haw Jury, CPA
Principal

Flint Office